

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Five)

Docket No. RM2022-11

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued September 7, 2022)

To clarify the Postal Service's petition to consider proposed changes in analytical principles, filed July 29, 2022,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than September 14, 2022.

The questions are derived from a motion filed by the Public Representative for issuance of information request.² The Public Representative asserts that "[t]he questions are meant to help interested parties give constructive comments and opinions concerning the proposal to update the methodology for calculating Contract Delivery Services (CDS) cost proportions for estimating accrued CDS costs and to update the distribution key used for attributing the CDS costs." PR Motion at 1.

1. Please refer to the Petition, Proposal Five at 2. The Postal Service states that the CDS accrued costs in general ledger (GL) Account No. 53605 – Intra-CSD Regular (Intra-District) – and Account No. 53601 – Intra-processing & distribution center (Intra-P&DC) Regular "comprise the overwhelming majority of all CDS

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five), July 29, 2022 (Petition). The Petition was accompanied by a report supporting its proposal. See Report on Contract Delivery Service Cost Attribution Accrued Cost and Distribution Key, July 29, 2022 (Report).

² Public Representative Motion for Issuance of Information Request, August 25, 2022 (PR Motion).

- costs and have a distinct treatment.” Petition, Proposal Five at 2; Report at 2. Please explain what “distinct treatment” is accorded to these accounts. *Id.*
2. Please refer to Library Reference USPS-RM2022-11/1, July 29, 2022, folder “3. Rec 1 Analysis Tables,” Excel file “OIG_CDS_response_tables,” worksheet “tcss_prop_comparison.” The Postal Service states that “[t]o the extent that any CDS costs are accrued in other accounts, such as Inter-SCF and Domestic Inland Water, they are treated in the same manner as the non-CDS costs in those accounts.” Petition, Proposal Five at 2; Report at 2.
- a. Please explain the inclusion of the CDS costs accrued in Inter-SCF and Domestic Inland Water accounts in the analysis in table 2 if they are supposed to be treated “in the same manner as the non-CDS costs in those accounts.” *Id.*
- b. Please confirm that only GL Account Nos. 53601, 53605, and 53606 should be considered for analysis under column “TCSS – CDS Only.” If confirmed, please also confirm that the total difference by percentage (table 2, cell F35) will be 3 percent. If not confirmed, please explain.
3. Please refer to the Petition, Proposal Five at 4. The Postal Service “proposes that the GL Account No. 53605 and Account No. 53601 cost proportions be updated on an annual basis using TCSS data.” *Id.*
- a. Please confirm that if the proposal is approved, all CDS costs will be accrued into only these two accounts and Account No. 53603 – Intra-P&DC Emergency (Intra-P&DC) and Account No. 53607 Intra-CSD Emergency (Intra-District) and no other general accounts as it is presently.
- b. If not confirmed, please list the other accounts the CDS costs may accrue and explain why it may be so.
4. Please refer to the Petition, Proposal Five at 7 and the Report at 14. The Postal Service indicates that “[i]f a CDS route is eligible and the data indicate that it is

advantageous from a financial or service perspective to the Postal Service for these deliveries to be conducted by a rural carrier, the route may be converted from a CDS route to a rural route.” Petition, Proposal Five at 7-8. The Postal Service states that “comparable” routes are eligible for conversion, which means that: (i) the CDS contract route must be in an office which only contains CDS and rural routes and (ii) a rural carrier must be capable of executing all activities of the CDS route. Report at 14. Please explain fully any other eligibility factors for converting CDS routes to rural carrier routes.

5. Please refer to Library Reference USPS-RM2022-11/1, folder “5. Public Impact,” Excel file “CDS Proposal – Public Impact,” Excel worksheets “Impact – Rec 1,” “Impact – Rec 2,” and “Impact-Joint.”
 - a. Please confirm that the first part of the proposal would result in an increase of the volume-variable highway costs by \$10.9 million or 0.3 percent.
 - b. Please confirm that the second part of the proposal would result in an increase of the volume-variable highway costs by \$33.9 million or 0.9 percent.
 - c. Please confirm that the joint implementation of the two parts of the proposal will cause a shift of \$42.9 million or 1.2 percent in highway costs from institutional to volume-variable costs, using FY 2021 data.
 - d. Please confirm that the joint implementation of the two parts of the proposal will result in a decrease of 0.2 percent in Total Domestic Competitive Mail and Services highway costs and an increase of \$39.1 million or 2.6 percent in Total Domestic Market Dominant Mail costs.
6. Please refer to Library Reference USPS-RM2022-11/1, folder “3. Rec 1 Analysis Tables,” Excel file “OIG_CDS_response_tables,” worksheet “tbl3_work.” Please describe and show how FY 2021 APEX figures for Intra-P&DC and Intra-District

accounts in cells B11, B12, B17, and B18 were derived. If the figures were derived from the provided APEX dataset, please provide the SAS program(s) used.

7. Please refer to the Report at 15. The Postal Service states that it was “able to recreate the OIG analysis of the impact of WebEOR and PTR mail mixes on rural and CDS routes, observing that they are similar in this case.” Report at 15. The Postal Service further states that “since this limited analysis only compared route volumes within the same offices and not in the system overall, there are limitations in projecting interpretations to the entire Postal delivery system.” *Id.* at 15-16.
 - a. Please provide all the datasets, files, and SAS programs employed to perform the stated analysis.
 - b. Please explain why the Postal Service did not deem it necessary to perform an expanded analysis to compare route volumes in order to eliminate any “limitations in projecting interpretations to the entire Postal delivery.” *Id.* As part of the response, please estimate the time, cost, and other resources required to perform this analysis.

By the Chairman.

Michael Kubayanda